(c) whether any culprits have been arrested or not;

(d) if so, the details thereof;

(e) what are the details of share certificates of various companies/mutual funds found to be fake; and

(f) what steps are being taken to contain this fake share maniac in the near future by Government, RBI and SEBI ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) Yes, Sir.

(b) No, Sir.

(c) to (e) The information is being collected from the State Government of Punjab and will be laid on the Table of the House.

(f) Continual vigilance is being taken by the law enforcing agencies and Stock Exchanges to contain this menace.

World Bank Loan to each State

1997. SHRI SUNDER SINGH BHANDARI :
DR. BAPU KALDATE :
SHRIMATI KAMLA SINHA :

Will the Minister of FINANCE be pleased to state :

(a) whether the World Bank has offered loans up to 500 million dollars to each of the States in the country;

(b) if so, what are the World Bank conditionalities attached to the grant of loan to the State Government; and

(c) what is the response of the State Governments in this regard ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) to (c) There have been some preliminary discussions with the Bank regarding possible structural adjustment loans to State Governments. These loans are intended to be non-project tied and to provide quick disbursing resources to State Governments in support of state level reforms.

Proposal by Central Bank of India to Close down Branches

1998. SHRIMATI KAMLA SINHA :
DR. BAPU KALDATE :
SHRI RAJNI RANJAN SAHU :

Will the Minister of FINANCE be pleased to state :

(a) whether the Central Bank of India proposes to close down nearly 300 branches of the Bank;

(b) if so, what are the reasons therefor;

(c) what is the estimated number of employees likely to be affected as a result thereof; and

(d) the manner in which Government propose to deal with the unemployment problem of the affected employees ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) to (d) Reserve Bank of India (RBI) has intimated that while allocating the recapitalisation funds for 1993-94, it was agreed to by Central Bank of India that it would close down 10 unviable/loss making branches in urban/metropolitan areas and convert into satellite office 50 rural/semi-rural/semi-urban branches. However, the Bank had not closed any loss making branch during the year 1993-994. The Bank has only converted three loss making rural branches into satellite offices.

Revamping present Institutional Credit System

1999. DR. B. B. DUTTA : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that the present system of agricultural credit suffers from poor recovery of loans;

(b) if so, the reasons therefor;

(c) the steps taken to improve the situation; and

(d) how Government propose to revamp present institutional credit system ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) and (b) The growth in agricultural credit has been adversely affected on account of poor recovery. The percentage of recovery to demand of all scheduled commercial banks in respect of their agricultural advances which was 58% in June 1991 has declined to 54.15% in the year ended June 1992 but marginally improved to 55.9% for the year ended June 1993. The reasons for such poor recovery can be attributed to defective planning while sanctioning loan proposals, misutilisation and diversion of income generated out of investments, unsatisfactory marketing arrangements, wilful defaults by borrowers, natural calamities, etc.

(c) A number of steps have been taken to improve the recovery performance of commercial banks in respect of their agricultural advances. Reserve Bank of India (RBI) has issued guidelines to banks to take effective measures like strengthening and gearing up of organisational structure both at controlling offices and field level, adoption of schematic approach

to lending, toning up pre-lending supervision techniques, etc. Banks have also been advised to create a separate 'Recovery Cell' for a cluster of nearby branches for continuous and effective supervision and recovery.

(d) Government of India and Reserve Bank of India have kept rural credit under constant review during the last two years. A number of steps have been taken to revamp the rural credit delivery system. The banks are required to advance at least 18% of their net bank credit to agriculture. RBI has advised to all scheduled commercial banks to make every effort to achieve the stipulated target and sub-targets for lending to priority sector. RBI has also urged banks to draw up special credit plans to finance innovative and high tech agricultural projects with a view to achieving a distinct and marked improvement in flow of credit to agriculture in the financial year 1994-95. A series of measures have been initiated by RBI and National Bank for Agriculture and Rural Development (NABARD) to strengthen and revitalise Co-operative Banks and Regional Rural Banks.

Growth of Money Supply

2000. DR. B. B. DUTTA : Will the Minister of FINANCE be pleased to state :

(a) the growth of money supply during the last two years;

(b) whether Reserve Bank of India has fixed targets so far as growth of money supply is concerned;

(c) if so, targets set during the last three years; and

(d) how far these have been achieved ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) Money supply (M3) recorded growth rates of 15.7 per cent and 18.2 per cent in 1992-93 and 1993-94 respectively.

(b), (c) and (d) Reserve Bank of India set indicative targets for money supply (M3) growth at 13 per cent, 10.4 per cent and 14 per cent in 1991-92, 1992-93 and 1993-94 respectively. Money supply (M3) recorded growth rates of 19.3 per cent, 15.7 per cent and 18.2 per cent in these three years.

Capital Inflow

2001. DR. B. B. DUTTA : Will the Minister of FINANCE be pleased to state :

(a) whether large scale capital inflows have resulted in excessive money supply and the consequent pressure on prices; and

(b) if so, the details of steps taken to neutralise the impact of large scale capital inflows ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) During the current financial year up to November 25, 1994 money supply (M3) has registered a growth rate of 13.6 per cent which is higher than that of 10.8 per cent during the corresponding period of the last financial year. The higher growth rate in M3 is mainly attributable to much larger accretion to net foreign exchange assets of Reserve Bank of India in this financial year than in the last 36.3 per cent as against 27 per cent respectively because of larger capital inflows.

Larger monetary expansion in the current financial year appears to have generated an upward pressure on the general price level.

(b) Various measures taken to contain the pressure of large scale capital inflows on the money supply include, *inter alia*, (i) sale of dated securities and treasury bills to mop up excess liquidity in the system (ii) imposition of a Cash Reserve Ratio of 7.5 per cent on Foreign Currency (Non-Resident) Accounts (Banks) Scheme (iii) a reduction in the maximum rate of interest on deposits under Non-Resident External (Rupee) Accounts Scheme (iv) permission to repatriate interest accruing on Non-Resident and Non-Repatriable deposits and on Foreign Currency Ordinary Non-Repatriable deposits (v) making it mandatory for companies raising GDR issues to keep their funds abroad till they are actually needed for the purposes specified by the company and (vi) CRR was raised from 14 to 15 per cent for domestic demand and time liabilities.

Inflow/Outflow under NRI Deposit Schemes

2002. DR. B. B. DUTTA : Will the Minister of FINANCE be pleased to state :

(a) the details of inflows/outflows under various non-resident deposit schemes during the last two years;

(b) what is the response of NRIs to these schemes;

(c) whether Government propose to bring changes in these schemes; and

(d) if so, the details thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) to (d) The response of NRIs to changes in various non-resident deposit schemes